

## Kensing Forest Policy

March 2024

As a leading producer of high-quality, natural sulfates, specialty esters, natural vitamin E, and phytosterols, Kensing commits to build transparent, traceable, and sustainable supply chains that protect forests and respects and upholds the rights of workers, Indigenous peoples, and local communities worldwide.

Though we are not a grower of crops, we work independently and with industry partners and other stakeholders to help protect forests, mitigate agriculture as a contributor to deforestation, and promote responsible supply chains that benefit farmers and respect people and human rights.

This commitment is advanced through commodity-specific policies focused on the sourcing of palm oil (including coconut), soy oil, and wood-based materials in an ethical, environmentally sustainable, and socially responsible manner.

The cut-off dates applicable to this commitment, which are the dates after which deforestation is deemed non-compliant in our supply chains, are as follows unless the law of the producing country specifies an earlier cut-off date:

- Palm oil: December 31, 2015
- Soy oil: December 31, 2020 (in Brazil, July 2008)
- Fiber and wood-based materials: December 31, 2020

Suppliers with non-compliant forest clearing and peat development after the cut-off date(s) are required to submit Recovery Plans commensurate with the scale of their non-compliant development.

### **Palm & Coconut Sourcing Policy**

Kensing is not a producer of palm oil and does not own palm plantations. All of our palm oil is sourced through third-party mill suppliers, at times at the direction of our customers. We nonetheless collaborate closely with customers and industry stakeholders to help develop a more sustainable supply chain for palm oil, palm kernel oil, coconut oil, and their derivatives in accordance with “No Deforestation, No Peat and No Exploitation” (NDPE) practices.

This policy reaffirms our commitment to ensure the time-bound sourcing of legal, responsible, and deforestation-free palm-based raw materials, in our own operations and by engaging with our suppliers:

#### **1. No deforestation of High Carbon Stock (HCS) forests or High Conservation Value (HCV) areas and no development on Peatlands**

- Require and partner with all suppliers to implement HCV<sup>1</sup> and HCSA<sup>2</sup> in their own operations and supply chains;<sup>3</sup>
- Support efforts to refine and improve implementation of HCSA to ensure it is a robust, scientifically sound, socially, politically, and economically acceptable approach to achieving a deforestation-free supply chain.

#### **2. No development on Peatlands, regardless of depth**

- Require all suppliers to not develop on peat, defined as soil containing greater than 65% organic matter, regardless of depth.
- Utilize the RSPO Manual on Best Management Practices<sup>4</sup> for existing oil palm plantations on peat

#### **3. No exploitation of people and local communities**

In accordance with Kensing’s Human Rights Policy, we require that stakeholders in the Kensing supply chain:

<sup>1</sup> HCS Approach toolkit is accessible here: <http://highcarbonstock.org/the-hcs-approach-toolkit/>

<sup>2</sup> HCV-HCS manual is accessible here: <https://www.hcvnetwork.org/resources/hcv-hcsa-assessment-manual/view>

<sup>3</sup> Development taking place without prior implementation of this methodology will be investigated through Kensing’s grievance process and may require remedial action.

<sup>4</sup> RSPO BMP manual is accessible here: <https://rspo.org/resources/best-management-practices/best-managementpractices-on-peat>

- Fully comply with all applicable laws, regulations, and international human rights and labor standards.
- Respect workers' rights, including contract, temporary, and migrant workers, to the freedom of association and the right to collective bargaining.
- Never use child labor or forced and/or bonded labor.
- Do not discriminate in employment-related decisions.
- Do not charge fees to jobseekers in exchange for employment, do not use labor brokers who charge such fees, and do not withhold collateral in the form of money, identification, or other personal belongings—without workers' consent—as a condition of employment.
- Have appropriate measures in place to ensure eligibility for employment.
- Maintain systems and procedures designed to keep workers safe and protect them from occupational hazards, harassment, and abuse.
- Compensate workers in accordance with all applicable local laws and regulations—including those pertaining to age, minimum wage, and hours worked—and provide working conditions that comply with applicable laws and industry norms.
  - Facilitate the inclusion of smallholders into the supply chain.
  - Promotion of gender equality in oil palm production and value chain.
- Promote land-tenure rights, and the rights of Indigenous and local communities to give or withhold their free, prior, and informed consent to operations on lands to which they hold legal or customary rights; and
- Collaborate with stakeholders to improve working, environmental, and safety conditions in agricultural supply chains; and
- Engage in a consultative and transparent process for conflict resolution

**Scope:** This policy applies across all palm oil, coconut oil, and derivative supply chains in which Kensing operates. We collaborate with our indirect suppliers across all their operations, smallholders, customers, industry associations, and other stakeholders to implement this policy and drive compliance. This policy will be updated as circumstances and events warrant.

**Implementation & Reporting:** We will continue to comply with the standards set forth by RSPO and adhere to all other laws and regulations governing biodiversity and conservation in every jurisdiction where we operate (e.g., EU Deforestation Regulation). To deliver on our policy, we will publish a time-bound Action Plan, developed in consultation with stakeholders, no later than Dec. 31, 2024. These plans will also incorporate information gathered in the course of our implementation of Kensing's Human Rights Policy.

Kensing continues to offer RSPO-certified products in support of our customer demands and legal requirements. In addition, we continue to participate as an active member of RSPO and encourage our supply chain partners to become RSPO certified.

**Transparency & Supply Chain:** This policy is effective immediately. We understand that our palm oil and derivatives suppliers may need time to implement the provisions described. We therefore expect our suppliers to develop action plans to achieve compliance by Dec. 31, 2025. We will partner with stakeholders to improve the performance of suppliers who do not adhere to these policies, but who are willing to commit to taking appropriate, immediate action to correct their violations. We will not conduct business with suppliers who violate this policy repeatedly and refuse to take action to comply. The following are expectations of all suppliers in Kensing's palm oil, coconut oil, and derivative supply chains:

- Reporting on breaches of Kensing's policies and of the expectations set up in this document upon awareness.
- Increased transparency into different layers of your palm supply chain according to Kensing's information needs.
- Submission to Kensing, at least annually, comprehensive, and adequate quality information on traceability of your palm supply chain, e.g., to oil palm mill level and ultimately to plantation level:
  - Traceability needs to be expressed per unit operation supplying to Kensing and needs to comprise refineries, palm kernel crushers, palm oil mills, and palm plantations connected (directly and indirectly) to your unit operations supplying to Kensing together with GPS codes, names, and group companies for all levels, Unified Mill list IDs, Unified Crusher IDs, Unified Refinery IDs, and Unified plantation IDs)

- Cooperation with Kensing to verify your compliance to Kensing’s policies through third-party assessments and/or onsite audits on request

Contact us: [esg@kensingolutions.com](mailto:esg@kensingolutions.com)

### **Soy Sourcing Policy**

Kensing does not grow soybeans, but rather purchases soy oil derivatives primarily from traders or third parties that process soy oil to make our soy-based products. The soy oil distillate we purchase is classified as a “waste” by the EU Waste Directive 2008/98/EC and is considered out of scope by EU Deforestation Regulation (EU) 2023/1115 according to relevant commodities described in Annex 1.

Nevertheless, Kensing is committed to taking practical steps to help protect forests, mitigate agriculture as a contributor to deforestation, and promote responsible supply chains that benefit farmers and respect people and human rights. We recognize that this goal may be achieved in different ways in different countries and regions where we source, so we are currently collaborating with partners and suppliers in a variety of ways:

#### **Commitments:**

#### **1. No deforestation and no conversion of native vegetation**

- Kensing will work internally, with our supply chain, and with external parties to promote a soy oil supply chain that is free from deforestation and that promotes conservation of important vegetation and minimizes impact on biodiversity.
- Suppliers shall fully comply with all applicable local and national laws for land use.
  - Suppliers shall take reasonable steps not to use fire in the clearing of land for soybean oil planting, unless in accordance with specified conditions were aligned with best practices such as those outlined by The Round Table for Responsible Soy.
  - Where and when appropriate given existing landscape/ biome, new soybean farms shall follow the High Carbon Stock (HCS) toolkit, High Conservation Value Assessment approach (HCV), or other equivalent land assessment and management toolkits to ensure land is appropriate for soybean farming and to determine where natural ecosystems should be protected.
- Kensing will promote a sustainable supply chain for soy oil in South America through our support of the Brazilian soy moratorium, which since 2006 has prohibited participants from trading, acquiring, or financing soybeans from areas of the Amazon Biome that were deforested after July 2008. Kensing recognizes the Brazilian Forest Code and the Rural Environmental Registry (CAR) as the starting point to protect forests and other native vegetation.

#### **2. Promotes responsible production, which benefits farmers and surrounding communities**

- Kensing encourages its suppliers and any sub-suppliers in the Kensing soy oil supply chain to implement the best-known cultivation and agricultural practices, including as applicable, those outlined by The Round Table for Responsible Soy. Kensing also encourages its suppliers of soy oil derivatives to promote the best-known cultivation and agricultural practices with their suppliers.

#### **3. No exploitation of people and local communities**

In accordance with Kensing’s Human Rights Policy, we require that stakeholders in the Kensing supply chain:

- Fully comply with all applicable laws, regulations, and international human rights and labor standards.
- Respect workers’ rights, including contract, temporary, and migrant workers, to the freedom of association and the right to collective bargaining.
- Never use child labor or forced and/or bonded labor.
- Do not discriminate in employment-related decisions.
- Do not charge fees to jobseekers in exchange for employment, do not use labor brokers who charge such fees, and do not withhold collateral in the form of money, identification, or other personal belongings—without workers’ consent—as a condition of employment.

- Have appropriate measures in place to ensure eligibility for employment.
- Maintain systems and procedures designed to keep workers safe and protect them from occupational hazards, harassment, and abuse.
- Compensate workers in accordance with all applicable local laws and regulations—including those pertaining to age, minimum wage, and hours worked—and provide working conditions that comply with applicable laws and industry norms.
  - Facilitate the inclusion of smallholders into the supply chain.
  - Promotion of gender equality in soy oil production and value chain
- Promote land-tenure rights, and the rights of Indigenous and local communities to give or withhold their free, prior, and informed consent to operations on lands to which they hold legal or customary rights.
- Collaborate with stakeholders to improve working, environmental, and safety conditions in agricultural supply chains; and
- Engage in a consultative and transparent process for conflict resolution

**Scope:** This policy applies across all direct and indirect soy-based materials sourced by Kensing and purchased from third-party suppliers. Kensing expects suppliers to apply this policy throughout their soy supply chain, including all direct and indirect soy products produced, purchased, or traded, and all operations including landholdings, joint ventures, and third-party suppliers. We collaborate with our indirect suppliers across all their operations, smallholders, customers, industry associations, and other stakeholders to implement this policy and drive compliance.

The policy applies across all geographies globally where soy is originated. Pursuant to the policy, we will initially focus on soy products originating in South America, particularly the Cerrado and the Amazon in Brazil, and the Chaco in Argentina and Paraguay. These biomes are priorities due to the high rate of native vegetation loss driven by soy production, and their significant environmental and social values, including biodiversity, carbon storage, hydrologic services, and cultural value.

This policy will be updated as circumstances and events warrant.

**Implementation and Reporting:** We will continue to comply with the terms of the Soy Moratorium and adhere to all other laws and regulations governing biodiversity and conservation in every jurisdiction where we operate (e.g., EU Deforestation Regulation). To deliver on our policy, we will publish a time-bound Action Plan, developed in consultation with stakeholders, no later than Dec. 31, 2024. These plans will also incorporate information gathered in the course of our implementation of Kensing’s Human Rights Policy.

**Transparency & Supply Chain:** This policy is effective immediately. We understand that our soy suppliers may need time to implement the provisions described. We therefore expect our suppliers to develop action plans to achieve compliance by Dec. 31, 2025. We will partner with stakeholders to improve the performance of suppliers who do not adhere to these policies, but who are willing to commit to taking appropriate, immediate action to correct their violations. We will not conduct business with suppliers who violate this policy repeatedly and refuse to take action to comply. The following are expectations of all suppliers in Kensing’s soy oil supply chains:

- Reporting on breaches of Kensing’s policies and of the expectations set up in this document upon awareness and as soon as possible.
- Increased transparency into different layers of your soy oil supply chain according to Kensing’s information needs.
- Submission to Kensing, at least annually, comprehensive, and adequate quality information on traceability of your soy oil supply chain, e.g., to mill level and ultimately to plantation level.
  - Traceability needs to be expressed per unit operation supplying to Kensing and needs to comprise refineries, soy crushers, soy oil mills, and soy plantations connected (directly and indirectly) to your unit operations supplying to Kensing together with GPS codes, names and group companies for all levels, Unified Mill list IDs, Unified Crusher IDs, Unified Refinery IDs and Unified plantation IDs)
- Cooperation with Kensing to verify your compliance to Kensing’s policies through third-party assessments and/or onsite audits on request

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### **Wood-based Products**

Kensing requires wood, paper, paper-based packaging, and wood-based fiber suppliers to comply with the requirements of the U.S. Lacey Act. Vendors of products made of wood, paper, paper-based packaging, and wood-based fiber covered under the scope of this policy should ensure that their products do not contain the following categories:

- Illegally harvested and traded timber.
- Timber harvested in violation of traditional or civil rights.
- Timber harvested from areas in which high conservation values are threatened by poor forest management activities.
- Timber harvested from areas being converted from forests and other wooded ecosystems to plantations or non-forest use.
- Timber from forests in which genetically modified trees are planted.

There are a number of forest certification schemes that are currently available around the world. Kensing relies on the use of these schemes within our supply chain to achieve our policy commitment, such as Sustainable Forestry Initiative (SFI) and Programme for the Endorsement of Forest Certification (PEFC), and Forest Stewardship Council (FSC).

### **Grievance Procedure**

Kensing's Grievance Procedure shall apply to Kensing's palm (including coconut) and soy sourcing supply chain from direct and third-party suppliers of palm and soy-based raw materials (including derivatives). The Kensing Grievance Procedure is specifically related to violations and/or non-compliances against Kensing's Palm Sourcing Policy and Soy Sourcing Policy (as below), Sustainable Procurement Policy, Supplier Code of Conduct, and Human Rights Policy.

#### **Kensing Grievance Procedure**

- Is aligned with the United Nations Guiding Principles (UNGP) on Business and Human Rights: legitimacy, accessibility, predictability, equitability, transparency, rights-compatible, a source of continuous learning, and based on engagement and dialogue.
- Is aligned with all relevant RSPO, RTRS, FSC, SFI, and PEFC policies and complaint procedures, honoring the outcomes of this mechanism, but also allowing for parallel investigation and additional requirements or sanctions.
- Is aligned with the RSPO and RTRS principles of no tolerance for retaliation against grievance raisers and whistleblowers.
- Complements other existing Kensing policies, e.g., Kensing Human Rights Policy and Supplier Code of Conduct.

**Note:** Grievances not related to Kensing's sourcing of palm and soy oil fall outside the scope of this Grievance Procedure and should be addressed by other grievance mechanisms as detailed in Kensing's Supplier Code of Conduct. Grievances related to Kensing's palm and soy oil supply chains can be expressed via email: [KensingEthicsHotline@operationsinc.com](mailto:KensingEthicsHotline@operationsinc.com)

Grievances shall include provision of the following information:

- Full Name
- Name of Organization (if any)
- Job title
- Address
- Phone No./Fax No./Email Address (at least one contact point)
- Description of the grievance in detail
- Evidence to support the grievance
- Any requests for confidentiality

Contact details are required to seek further clarification on the grievance. The party reporting the grievance (Grievance Raiser) may request that their identity remain confidential and Kensing will respect the request. Any party may appoint a third-party to submit their grievances provided that the third-party follows the procedure. Any palm or soy grievance will

be managed according to the below grievance handling flow.

